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**State of California
Office of Administrative Law**

**NOTICE OF APPROVAL OF REGULATORY
ACTION**

Regulatory Action:

Title 16, California Code of Regulations

Adopt sections:

Amend sections: 9.1

Repeal sections:

Government Code Section 11349.3

OAL Matter Number: 2016-1227-04

OAL Matter Type: Regular (S)

The California Board of Accountancy (CBA) is amending title 16, section 9.1 of the California Code of Regulations. Applicants for the Uniform Certified Public Accountant Examination and CPA licensure who attended or graduated from foreign schools may satisfy their respective education requirements based upon an evaluation of foreign transcripts by a CBA-approved credentials evaluation service. Title 16, section 9.1 of the California Code of regulations contains the criteria that entities providing credentials evaluations services must meet to receive and maintain CBA approval. This amendment adds definitions for "written evidence" and "change of ownership" and requires certification procedures for compliance with the requirements in the regulation. The CBA is incorporating by reference a new form to enable credentials evaluations services to provide the information required by this regulation in a consistent format. This rulemaking adds the requirement that credentials evaluation services certify that they've complied with the requirements in the regulation and also provides that if an application provides false, inaccurate, incomplete or misleading information to the CBA their approval may be withdrawn. Finally, the rulemaking adds a requirement that credentials evaluation services provide a disclaimer that they will not promise a predetermined outcome regarding the applicant's transcript evaluation.

OAL approves this regulatory action pursuant to section 11349.3 of the Government Code. This regulatory action becomes effective on 4/1/2017.

Date: February 9, 2017


Peggy J. Gibson
Senior Attorney

For: Debra M. Cornez
Director

Original: Terri Thorfinnson
Copy: Pat Billingsley

REGULAR
NOTICE PUBLICATION/REGULATIONS SUBMISSION

(See instructions on reverse)

For use by Secretary of State only

STD. 400 (REV. 01-2013)

OAL FILE NUMBERS	NOTICE FILE NUMBER Z-2016-0120-01	REGULATORY ACTION NUMBER 2016-1227-045	EMERGENCY NUMBER
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For use by Office of Administrative Law (OAL) only

NOTICE	REGULATIONS
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AGENCY WITH RULEMAKING AUTHORITY
California Board of Accountancy

AGENCY FILE NUMBER (if any)

ENDORSED - FILED

in the office of the Secretary of State
of the State of California

FEB -9. 2017

3:30 PM

A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)

1. SUBJECT OF NOTICE Credentials Evaluation Service Status and Form		TITLE(S) 16	FIRST SECTION AFFECTED 9.1	2. REQUESTED PUBLICATION DATE January 29, 2016
3. NOTICE TYPE <input checked="" type="checkbox"/> Notice re Proposed Regulatory Action <input type="checkbox"/> Other		4. AGENCY CONTACT PERSON Pat Billingsley		TELEPHONE NUMBER (916) 561-1782
FAX NUMBER (Optional) (916) 263-3675		NOTICE REGISTER NUMBER 2016, 05-2		PUBLICATION DATE 1/29/2016
OAL USE ONLY	ACTION ON PROPOSED NOTICE <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn			

B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)

1a. SUBJECT OF REGULATION(S) Credentials Evaluation Service Status and Form		1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S)
2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)		
SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)	ADOPT	
	AMEND	
	REPEAL	
TITLE(S) 16		

3. TYPE OF FILING

<input checked="" type="checkbox"/> Regular Rulemaking (Gov. Code §11346)	<input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute.	<input type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h))	<input type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100)
<input type="checkbox"/> Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §§11349.3, 11349.4)	<input type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1)	<input type="checkbox"/> File & Print	<input type="checkbox"/> Print Only
<input type="checkbox"/> Emergency (Gov. Code, §11346.1(b))	<input type="checkbox"/> Other (Specify) _____		

4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)

5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)

<input checked="" type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a))	<input type="checkbox"/> Effective on filing with Secretary of State	<input type="checkbox"/> §100 Changes Without Regulatory Effect	<input type="checkbox"/> Effective other (Specify) _____
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6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY

<input checked="" type="checkbox"/> Department of Finance (Form STD. 399) (SAM §6660)	<input type="checkbox"/> Fair Political Practices Commission	<input type="checkbox"/> State Fire Marshal
<input checked="" type="checkbox"/> Other (Specify) Awet Kidane, Director, Department of Consumer Affairs		

7. CONTACT PERSON Pat Billingsley	TELEPHONE NUMBER (916) 561-1782	FAX NUMBER (Optional) (916) 263-3675	E-MAIL ADDRESS (Optional) pat.billingsley@cba.ca.gov
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8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

SIGNATURE OF AGENCY HEAD OR DESIGNEE Patti Bowers	DATE 12/27/2016
TYPED NAME AND TITLE OF SIGNATORY Patti Bowers, Executive Officer	

For use by Office of Administrative Law (OAL) only

ENDORSED APPROVED

FEB 09 2017

Office of Administrative Law

**CALIFORNIA DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
ORDER OF ADOPTION**

The California Board of Accountancy hereby amends section 9.1 of Division 1 of Title 16 of the California Code of Regulations as Follows:

§ 9.1. Approved Credential Evaluation Service Status

(a) To receive and to maintain Board approval, a credentials evaluation service shall: submit an application on Form 11A-54 (9/15), which is incorporated by reference and comply with the following:

(1) Be a member of the and certify to its membership in either the American Association of Collegiate Registrars and Admission Officers, the National Association for Foreign Student Affairs, Association of International Educators, or the National Association of Credential Evaluation Services;

(2) Furnish the Board with a copy of its current written procedure for identifying fraudulent transcripts, and comply certify on the application to compliance with that procedure;

(3) ~~Furnish the Board with a list of its reference materials including the title of each reference, its publisher, and the date of publication, and certify~~ Certify on the application that it maintains a complete set of reference materials, that the references are adequate to prepare complete, accurate evaluations and are the most current editions available;

(4) Furnish the Board with resumes or curriculum vitae for each evaluator and translator, which shall provide biographical information on evaluators and translators, including a list of languages spoken and years in service. The service shall have at least one senior staff member with not less than five years of foreign student college admission experience or closely related credentials evaluation experience at all academic levels;

(5) Furnish the Board with its organization chart showing the ratio of senior staff members to junior staff members is, at most, one to five, and shall not exceed that ratio;

(6) Furnish the Board with written evidence that a minimum of 50% of the evaluations performed by junior staff members are reviewed by senior staff members, and shall maintain at least that minimum; for the purposes of this paragraph, "written evidence" means it provides as a part of the application, for the previous five years, the total number of evaluations performed, the total number of evaluations performed by junior staff members, and the total number of evaluations performed by junior staff members that were reviewed by senior staff members.

(7) ~~Furnish the Board with statistical information on the number of applications processed annually for the past five years;~~

(8) ~~Furnish the Board with a list of at least three accredited colleges and universities or other licensing agencies using its services;~~

(9) ~~Furnish the Board with three letters of reference, written within the last year, from public or private agencies;~~

(10) ~~Furnish the Board with a copy of its appeal procedure for applicants, and comply~~

certify to compliance with that procedure on the application;

(11) Furnish evaluations to the Board that comply with the requirements of this section;

(4210) For the initial application, furnish the Board with a sample evaluations that complies with the requirements of subdivision (b); prepared for other agencies.

(11) For the initial application, certifies it has, or agrees to establish within thirty days of Board approval, a minimum six-year document retention policy;

(12) As a condition of renewal, a credentials evaluation service shall certify continued compliance with a minimum six-year document retention policy.

(b) Each evaluation provided by the Board approved service shall:

(1) Affirm in a written statement that the evaluation is based only upon authenticated, original transcripts and degrees received directly from the educational institution or its governing body;

(2) Include certified copies of all original transcripts;

(3) Be furnished directly to the Board, in English; on tamper-proof paper,

(4) Identify the primary evaluator and any secondary evaluator;

(5) Include the name or names of the applicant as shown on the transcripts as well as the name under which the applicant requested the evaluation;

(46) Include a report of each degree held by the applicant along with the equivalent degree offered in the United States, the date the degree was granted and the institution granting the degree;

(7) Provide the total number of semester units completed and evaluated;

(58) Include a listing of the course titles with the semester unit equivalent for each course listed in chronological order without categorization, extra emphasis, or distinguishing formatting for any of the courses listed;

(9) Include the following disclaimer: "This evaluation service is not authorized by the California Board of Accountancy to include in this evaluation any opinion as to whether certain courses will be accepted by the Board as meeting the Board's requirements or whether the applicant meets the Board's requirements for taking the Uniform CPA Examination or for licensure."

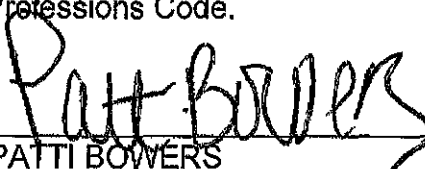
(c) The credentials evaluation service shall report to the Board annually whether it has undergone any organizational changes, including any change in the ratio required in subdivision (a)(5), or any change in ownership. Approval issued under this section shall expire five years after the date of issuance unless renewed by the Board prior to its expiration by meeting the requirements in subsection (a). For purposes of this subdivision, "change in ownership" means any change in legal ownership of the approved credentials evaluation service or its business entity form, including the acquisition by a person of more than 50% of an interest in or stock of the business entity's parent company, change of the business entity by incorporation or conversion of the business to another business entity form or a change in the corporate status that requires a new corporate number as issued by the Secretary of State.

(d) In order to remain as a Board approved credentials evaluations service, the credentials evaluation service shall respond to any inquiries by the Board, submit any documents requested by the Board, provide any information requested by the Board and cooperate in any investigation conducted by the Board regarding the service's compliance with the Board's requirements.

(e) Approval may be withdrawn at any time if the credentials evaluation service fails to comply with any of the requirements of this section or furnishes false, inaccurate, incomplete or misleading information to the Board.

(f) A credentials evaluation service that received Board approval prior to the date this subdivision becomes effective shall meet the requirements of this section at its next renewal.

NOTE: Authority cited: Sections 5010 and 5094, Business and Professions Code.
Reference: Section 5094, Business and Professions Code.


PATTI BOWERS
Executive Officer
California Board of Accountancy

CREDENTIALS EVALUATION SERVICE APPLICATION

Please provide all requested information listed below.

Name of Applicant Organization: _____		
Address: _____		
City: _____	State: _____	Zip Code: _____
Telephone Number: () _____		Fax Number: () _____
Toll-Free Number (if available): () _____		
Email Address (if available): _____		
Website Address (if available): _____		
Name of Contact Person: _____		Title: _____

THE ORGANIZATION CERTIFIES TO THE FOLLOWING:

(Check)

1. It is a member of:

- a. American Association of Collegiate Registrars and Admission Officers; or, _____
- b. National Association of Foreign Student Affairs; or, _____
- c. National Association of Credential Evaluation Services. _____

2. It complies with its current written procedure for identifying fraudulent transcripts. _____

3. It maintains a complete set of current reference materials that are adequate to prepare complete, accurate evaluations and are the most current editions available. _____

4. It complies with its appeal procedure for applicants. _____

Check one of the following:

(Check)

- 5. This is its initial application, and it has, or agrees to establish with thirty days of California Board of Accountancy approval, a minimum six-year document retention policy. _____
- 6. This is its renewal application, and it complies with a minimum six-year document retention policy. _____

THE FOLLOWING MUST BE INCLUDED WITH THIS APPLICATION:

1. A copy of its current written procedure for identifying fraudulent transcripts.
2. Resumes or curriculum vitae for each evaluator and translator which provide biographical information, including a list of languages spoken and years in service.
3. Organization Chart showing the ratio of senior staff members to junior staff members (not to exceed a one to five ratio).
4. Written evidence that a minimum of 50% of evaluations performed by junior staff members are reviewed by senior staff members (Written evidence means providing, for the previous five years, the total number of evaluations performed, the total number of evaluations performed by junior staff members, and the total number of evaluations performed by junior staff members that were reviewed by senior staff members).
5. A list of at least three accredited colleges and universities or other licensing agencies using its services.
6. Three letters of reference, written within the last year, from public or private agencies.
7. A copy of its appeal procedures for applicants.
8. For initial applications only, a sample evaluation that complies with the requirements of Title 16, California Code of Regulations section 9.1(b).

I hereby certify, under penalty of perjury under the laws of the State of California, that I am a person authorized to act for and bind the applicant and that all statements, answers, and representations made on this form and any accompanying attachments are true, complete, and accurate to the best of my knowledge. By submitting this form and signing below, I am granting permission to the California Board of Accountancy to verify the information provided.

Authorized Signature

Date

Print or Type Name

Title

NOTICE OF COLLECTION OF PERSONAL INFORMATION

The information requested on this application is mandatory pursuant to Business and Professions Code section 5094 and Title 16 CCR section 9.1. Failure to provide all of the information requested will result in the application being rejected as incomplete. The information provided will be used to determine qualification and continued qualification of the applicant for approval by the California Board of Accountancy (CBA) as a credential evaluation service. The information may be provided to other governmental agencies, or in response to a court order, subpoena, or public records request. You have a right of access to records containing personal information maintained by the CBA unless the records are exempted from disclosure by law. Individuals may obtain information regarding the location of his or her records by contacting the CBA's Licensing Manager at 2000 Evergreen St. #250, Sacramento, CA 95815 or (916) 561-1754.

CALIFORNIA BOARD OF ACCOUNTANCY

FINAL STATEMENT OF REASONS

Hearing Date: March 17, 2016

Subject Matter of Proposed Regulations: Credentials Evaluation Service (CES) Status and Form

Section Affected: 9.1

Updated Information

The Initial Statement of Reasons is included in the file. The following non-substantive changes have been made to the informative digest contained in the original notice in Section 9.1.

1. Change:
In section 9.1(a) after the words "Form 11A-54 (9/15)," add "which is incorporated by reference."
Reason:
Form 11A-54 must be incorporated by reference in the regulation to have the full effect of law. This statement was not included in the proposed regulation language.
2. Change:
In the list of organizations in section 9.1(a)(1) and on the Form 11A-54 (9/15) under question 1(a) and 1(b); "Association of International Educators" has been deleted, and "National Association for Foreign Student Affairs" has been changed to "National Association of Foreign Student Affairs."
Reason:
These non-substantive changes are necessary to make the regulation language consistent with the list of organizations in Business and Professions Code section 5094.
3. Change:
The table of contents has been updated to remove the minutes of the March 17, 2016 CBA meeting from the list of materials relied upon.
Reason:
The March 17, 2016 CBA Meeting Minutes should not have been listed in section III of the table of contents. These minutes were not relied upon by the CBA in approving the rulemaking amending CBA Regulations section 9.1.

This regulation has not been revised in more than 15 years. The CBA proposes this new rule to enhance and clarify the evaluation standards for CES applicants. Oftentimes, the information provided by a CES applicant does not consistently address all CBA evaluation criteria. By providing an application form, the CES applicant is

clearly notified of the information and certifications that must be provided to the CBA.

This rule furthers the CBA's mission to protect consumers and presents CES providers with clear and consistent application standards.

Local Mandate

A mandate is not imposed on local agencies or school districts.

Small Business Impact

This action will not have a significant adverse economic impact on small businesses. If a CES provider wishes to apply for approval and is a small business, the information required in the proposed regulations is comparable to the information historically provided and the same for both small and large businesses.

The anticipated benefits of this regulatory proposal are: Strengthened oversight by the California Board of Accountancy (CBA) clarifying the requirements, incorporating an application form, specifying definitions, and requiring CES to certify representations made in the application. The proposed rulemaking benefits CES by clarifying what information is required for the initial approval and maintenance of approval to provide these services to certified public accountant examination and licensure applicants.

Consideration of Alternatives

No reasonable alternative which was considered or that has otherwise been identified and brought to the attention of the CBA would be more effective in carrying out the purpose for which it was proposed or would be as effective and less burdensome to affected private persons than the adopted regulation or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

The only alternative considered was to maintain the status quo.

Reason for rejection: The CBA rejected this alternative because it would not improve the ability of the CBA to maintain sufficient oversight on the CES providers to ensure improved protection of California consumers.

Objections or Recommendations/Responses

The following recommendations and/or objections were made regarding the proposed action:

A comment letter was received on February 12, 2016 from Jasmin Saidi-Kuehnert, Acting President & Treasurer, Association of International Credential Evaluators, Inc (AICE).

Comment 1:

AICE requested to be included in CBA Regulations section 9.1(a)(1) as a referenced organization to which CES providers can be members.

The CBA rejects this comment.

Business and Professions Code (BPC) section 5094(d)(3) states that the regulations adopted by the CBA shall require the CES to "be a member of the American Association of Collegiate Registrars and Admission Officers, the National Association of Foreign Student Affairs, or the National Association of Credential Evaluation Services." Government Code section 11342.2 prohibits state agencies from adopting a regulation that is inconsistent or in conflict with statute. Since the statute does not list this specific organization, the CBA cannot include AICE as a referenced organization.

A comment letter was received on March 11, 2016 from Mr. Shanker Munshani, Director, Academic & Credential Records, Evaluation & Verification Service (ACREVS).

Comment 2:

ACREVS agrees that the American Association of College Registrars and Admissions Officers should be included.

The CBA accepts this comment because the American Association of College Registrars and Admissions Officers is included in BPC section 5094(d)(3).

Comment 3:

ACREVS states that the exact name is American Association of Collegiate Registrars and Admissions Officers (The word "Admissions" is plural)

The CBA rejects this comment.

BPC section 5094(d)(3) states that the regulations adopted by the CBA shall require the credentials evaluation service to "be a member of the American Association of Collegiate Registrars and Admission Officers, the National Association of Foreign Student Affairs, or the National Association of Credential Evaluation Services." Government Code section 11342.2 prohibits state agencies from adopting a regulation that is inconsistent or in conflict with statute. Consequently, since the statute is singular, the CBA cannot make the change.

Comment 4:

ACREVS states the organization American Association of Collegiate Registrars and Admissions Officers is more popularly known as AACRAO, and identifying it as such may provide further clarity; e.g. American Association of Collegiate Registrars and Admissions Officers (AACRAO).

The CBA rejects this comment.

BPC section 5094(d)(3) states that the regulations adopted by the CBA shall require the credentials evaluation service to "be a member of the American Association of

Collegiate Registrars and Admission Officers, the National Association of Foreign Student Affairs, or the National Association of Credential Evaluation Services.” Government Code section 11342.2 prohibits state agencies from adopting a regulation that is inconsistent or in conflict with statute. Neither the statute nor regulations use acronyms; therefore, the CBA cannot make the change.

Comment 5:

ACREVS suggested that since the American Association of Collegiate Registrars and Admissions Officers has affiliated State and Regional Associations (39), and California is part of the Pacific Association of Collegiate Registrars and Admission Officers (PACRAO), the proposed amended language should be as follows:

Be a member of and certify to its membership in either the American Association of Collegiate Registrars and Admissions Officers (AACRAO), or its affiliated California regional association: Pacific Association of Collegiate Registrars and Admissions Officers (PACRAO),

The CBA rejects this comment.

BPC section 5094(d)(3) states that the regulations adopted by the CBA shall require the credentials evaluation service to “be a member of the American Association of Collegiate Registrars and Admission Officers, the National Association of Foreign Student Affairs, or the National Association of Credential Evaluation Services.” Government Code section 11342.2 prohibits state agencies from adopting a regulation that is inconsistent or in conflict with statute. Consequently, adding affiliates would be inconsistent with the statute; therefore, the CBA cannot make the change.

Comment 6:

ACREVS agrees that the National Association for Foreign Student Affairs should be included.

The CBA accepts this comment because the American Association of College Registrars and Admissions Officers is included in BPC section 5094(d)(3).

Comment 7:

ACREVS states the National Association for Foreign Student Affairs has gone through a name change and is currently known as “NAFSA: Association of International Educators”

The CBA rejects this comment.

BPC section 5094(d)(3) states that the regulations adopted by the CBA shall require the credentials evaluation service to “be a member of the American Association of Collegiate Registrars and Admission Officers, the National Association of Foreign Student Affairs, or the National Association of Credential Evaluation Services.” Government Code section 11342.2 prohibits state agencies from adopting a regulation that is inconsistent or in conflict with statute. Changing the name would create an

inconsistency with the statute; therefore, the CBA cannot make the change.

Comment 8:

ACREVS states that they do not agree that National Association of Credential Evaluation Service should be included in this list of membership organizations.

The CBA rejects this comment.

BPC section 5094(d)(3) states that the regulations adopted by the CBA shall require the credentials evaluation service to "be a member of the American Association of Collegiate Registrars and Admission Officers, the National Association of Foreign Student Affairs, or the National Association of Credential Evaluation Services." Government Code section 11342.2 prohibits state agencies from adopting a regulation that is inconsistent or in conflict with statute. Eliminating this entity would create an inconsistency with the statute; therefore, the CBA cannot make the change.

Comment 9:

ACREVS states, they would like to see that evaluations be based off of originals only, unless the documents are printed on official tamper proof paper with the right seals and signatures. Most official seals are embossed and this should be requested.

The CBA rejects this comment.

This comment is unclear since the regulation already requires original, authentic transcripts and degrees.

An additional comment letter was received on March 14, 2016 from Mr. Paul Reese, Executive Director, Educational Records Evaluation Service, Inc. (ERES)

Comment 10:

ERES respectfully request that the Legislature's professional affiliation requirement be reconsidered.

The CBA rejects this comment.

BPC section 5094(d)(3) states that the regulations adopted by the CBA shall require the CES to "be a member of the American Association of Collegiate Registrars and Admission Officers, the National Association of Foreign Student Affairs, or the National Association of Credential Evaluation Services." Government Code section 11342.2 prohibits state agencies from adopting a regulation that is inconsistent or in conflict with statute. The CBA does not have the authority to establish professional affiliations that would be inconsistent with statute.

Incorporation by Reference

The application is incorporated by reference because it would be impractical and cumbersome to publish the application form in the regulation.

The application form is two pages long and would be the mechanism by which credentials evaluation service providers apply for CBA approval. This form collects information regarding the administration, facilities, evaluators, recordkeeping and ownership of the organization so the CBA may ensure that approved CES providers meet the professional and technical requirements to provide accurate, effective, and reliable foreign educational transcript evaluation services to applicants for licensure in California.

If these forms were published in the regulation, it would be more cumbersome and burdensome. The forms were made available to the public and were posted on the CBA's website.